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C O N F I D E N T I A L COLOMBO 000157

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TAGS: [PREL](#) [EAID](#) [LTTE](#)

SUBJECT: GSL AND LTTE CLOSE TO DEAL ON RECONSTRUCTION  
COOPERATION?

REF: A. (A) COLOMBO 94

[1](#)B. (B) COLOMBO 109

Classified By: Ambassador Jeffrey J. Lunstead. Reason: 1.4 (B, D).

[1](#)1. (C) SUMMARY: GSL hopes Co-Chairs meeting will focus on tsunami reconstruction, not link assistance to peace process. Government and LTTE have held series of talks on formal mechanism for reconstruction, hope to sign MOU soon. END SUMMARY

[1](#)2. (C) Ambassador met with Sri Lankan Peace Secretariat Head Jayantha Dhanapala Jan 20 to compare

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notes in light of upcoming Brussels Co-Chairs Meeting. Dhanapala said the Government had two concerns about the meeting:

(1) that the Co-Chairs not be enlarged, specifically by adding the Commonwealth.  
(2) that the UN not become a part of the Co-Chairs. Kofi Annan had suggested this to Dhanapala during Annan's recent Sri Lanka visit, adding that he thought of naming Iqbal Reza to the post. The present composition of the Co-Chairs was just fine, Dhanapala said; don't change it.

[1](#)3. (C) Dhanapala continued that he hoped the Co-Chairs would not suggest peace process conditionality on reconstruction funding. That funding should be needs driven. "Don't confuse Tokyo assistance with reconstruction assistance." Ambassador replied that the GSL's reconstruction plan included funding which went far beyond tsunami-related damage. Some donors were already saying that if this money were provided free of any peace process conditionality, the Government would feel free of any pressure on peace. (Dutch Ambassador has made this point strongly.) Ambassador noted that some conditionality could be useful to President Kumaratunga, for instance, in helping to rein in her oft recalcitrant partners by threatening that their lack of cooperation on the peace process could cost the country much-needed funds.

[1](#)4. (C) Dhanapala then said that he would tell the Ambassador something which almost no one else knew. He had held six rounds of discussions with the LTTE's Pulidevan and the TRO's Jay Maheshwaran on formal cooperation on tsunami reconstruction. Norwegian Ambassador Brattsker had taken part in the meetings. The GSL was sending today a draft MOU which would create a structure for reconstruction coordination. It would have three tiers, with high-level, regional and district committees.

[1](#)5. (C) The main purpose of these committees will be to assure equitable allocation of funds, based on consensus decisions. There were still some areas of contention, but Dhanapala said he was hopeful the MOU could be signed in a week or so--but most likely not before the Co-Chairs meeting.

[1](#)6. (C) Dhanapala concluded that it appeared that both the GSL and the LTTE were thinking of a three-stage process:

(1) cooperation on tsunami/relief/reconstruction  
(2) agreement on an interim administration  
(3) a final settlement.

In this light, Dhanapala said, future Co-Chairs meetings with both the GSL and the LTTE present could be welcome. Jayantha commented that the other Co-Chairs--Netherlands (for EU) and Japan--knew about these discussions "in general," but with nowhere near the detail which he had just given to Ambassador.

(Note: As reported in reftels, we had heard about this before, in less detail, from both Dhanapala and Brattskar. End Note)

17. (C) COMMENT: We would not want to get too excited, as promising developments in the past have often fizzled out. Nonetheless, that the cautious and staid Dhanapala feels that reconstruction cooperation may actually happen, and soon, gives us some hope. It would be an extraordinary step if it actually takes place, and could provide the breakthrough needed to build towards resumption of the peace negotiations.

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